

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re Corporate Resource Services, Inc.  
Debtor

Case No. 15-12329  
Reporting Period: September 2015

Federal Tax I.D. # 80-0551965

CORPORATE MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	<a href="#">MOR-1</a>	Yes	
Bank Reconciliation (or copies of debtor's bank reconciliations)	<a href="#">MOR-1 (CON'T)</a>	Yes	
Copies of bank statements		Available Upon Request	
Cash disbursements journals		No	
Statement of Operations	<a href="#">MOR-2</a>	Yes	
Balance Sheet	<a href="#">MOR-3</a>	Yes	
Status of Post-petition Taxes	<a href="#">MOR-4</a>	Yes	
Copies of IRS Form 6123 or payment receipt		N/A	
Copies of tax returns filed during reporting period		N/A	
Summary of Unpaid Post-petition Debts	<a href="#">MOR-4</a>	Yes	
Listing of Aged Accounts Payable		No	
Accounts Receivable Reconciliation and Aging	<a href="#">MOR-5</a>	Yes	
Taxes Reconciliation and Aging	<a href="#">MOR-5</a>	Yes	
Payments to Insiders and Professional	<a href="#">MOR-6</a>	Yes	
Post Petition Status of Secured Notes, Leases Payable	<a href="#">MOR-6</a>	Yes	
Debtor Questionnaire	<a href="#">MOR-7</a>	Yes	Yes

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Authorized Individual

Date 01/19/2016

Printed Name of Authorized Individual: James Feltman, Chapter 11 Trustee

Date

**General Disclaimer and Limitations:**

Immediately following the Trustee's appointment on September 25, 2015, the Trustee's Accountant took possession of the Debtor's books and records. The Trustee's Accountant have been maintaining the books and records subsequent to the Trustee's appointment. Certain accrual information contained herein has not been fully analyzed and the Trustee reserves the right to amend this Monthly Operating Report if new or additional information becomes available.

Post-petition, the Debtor's book and records have been maintained on a consolidated basis (parent and operating subsidiaries). The Trustee anticipates maintaining consolidated reporting going forward. Consequently, the Trustee does not plan to prepare or file separate Monthly Operating Reports for each of the Debtor's subsidiaries. However, information is available to the Trustee regarding collections of accounts receivable data which is provided on an operating subsidiary level.

Post-petition through November 24, 2015 (date of the Stipulation between the Trustee and Wells Fargo), the Debtor's former lender received and applied material amounts of accounts receivable collections. The lender set off and paid certain costs and fees associated with their loan as well as winding down the Debtor affairs and certain costs of affiliates. At the present time, the Trustee is unable to determine the nature and extent of those set-offs and expenses. Consequently, such amounts are not recorded in these Monthly Operating Reports.

MOR - 1: SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

BANK ACCOUNT #	TD BANK ACCOUNTS			WELLS FARGO ACCOUNT	TOTAL ACCOUNTS
	TD #4553	TD #4587	TD #4708	WF #8219	
CRS Bank Balance as of August 31, 2015	\$ 10,000	\$ 270,781	\$ -	\$ 62,331	\$ 343,112
<b>RECEIPTS</b>					
Deposit	\$ -	\$ -	\$ 378,279	\$ -	\$ 378,279
Wells Fargo Advance		125,000	-	-	125,000
Internal Transfer	-	-	-	-	-
Check Posted and Returned	-	-	345,326	-	345,326
Interest	0.4	-	-	-	0.4
<b>TOTAL RECEIPTS</b>	<b>\$ 0.4</b>	<b>\$ 125,000</b>	<b>\$ 723,606</b>	<b>\$ -</b>	<b>\$ 848,606</b>
<b>DISBURSEMENTS</b>					
Check Paid	\$ -	\$ 55,112	\$ -	\$ -	\$ 55,112
Internal Transfer	-	-	-	-	-
Payroll	-	82,398	-	-	82,398
Utilities	-	5,903	-	-	5,903
Professionals	-	25,807	-	-	25,807
Check Posted and Returned	-	-	345,326	-	345,326
Other Debit	-	1,649	-	-	1,649
Fees	-	25	-	8,634	8,659
<b>TOTAL DISBURSEMENTS</b>	<b>\$ -</b>	<b>\$ 170,893</b>	<b>\$ 345,326</b>	<b>\$ 8,634</b>	<b>\$ 524,854</b>
<b>NET CASH FLOW</b>	<b>\$ 0.4</b>	<b>\$ (45,893)</b>	<b>\$ 378,279</b>	<b>\$ (8,634)</b>	<b>\$ 323,752</b>
CRS Bank Balance as of September 30, 2015	\$ 10,000	\$ 224,888	\$ 378,279	\$ 53,697	\$ 666,864

<b>DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES:</b>	
TOTAL DISBURSEMENTS	\$ 524,854
LESS: TRANSFERS TO OTHER ACCOUNTS	-
LESS: CHECKS POSTED AND RETURNED	(345,326)
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QTRLY FEE</b>	<b>\$ 179,528</b>

**Notes**

The information above was created based on reporting provided by each respective bank for each bank account.

Returned items may cause duplicative disbursements.

As of the date of this report, the Trustee does not have control of the Wells Fargo bank account.

The Trustee opened two new bank accounts at Union Bank, #3722 in September 2015 and #3755 in January 2016. There has been no activity in each account as of the filing date of this report.

Receivables collected in September 2015 and prior periods were collected by Wells Fargo and were not remitted to the Debtor. Those amounts are not reflected above.

Prior to the bankruptcy, Wells Fargo engaged a collections agency to collect account receivables. This agency continued to collect and hold onto cash collections (post petition) to the amount of \$45,000. As of the date of the filing of this report, those amounts are not in control by the Debtor.

MOR - I: BANK RECONCILIATIONS

BANK ACCOUNT #	TD BANK ACCOUNTS			WELLS FARGO BANK ACCOUNT	TOTAL ACCOUNTS
	TD #4553	TD #4587	TD #4708	WF #8219	
Bank Balance as of September 30, 2015	\$ 10,000	\$ 224,888	\$ 378,279	\$ 53,697	\$ 666,864
Checks Outstanding as of September 30, 2015	-	-	-	-	-
Cash Book Balance	\$ 10,000	\$ 224,888	\$ 378,279	\$ 53,697	\$ 666,864

Notes

Based on the books and records of the Debtor, there does not appear there any outstanding checks in any bank account.

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**MOR-2: STATEMENT OF OPERATIONS (Income Statement)**

	<b>September 2015</b>	<b>Cumulative Since Filing Date</b>
<b>Revenues</b>		
Revenue	\$ -	\$ -
<b>Total Revenues</b>	\$ -	\$ -
<b>Cost of Sales</b>	-	-
<b>Gross Profit</b>	\$ -	\$ -
<b>Operating Expenses</b>		
Advertising	\$ -	\$ -
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefit Programs	6,981	15,160
Officer/Insider Compensation	-	-
Insurance	40,016	60,023
Management Fees/Bonuses	-	-
Office Expense	325	1,238
Pension and Profit-Sharing Plans	-	-
Repairs and Maintenance	-	-
Rent and Lease Expense	26,910	47,542
Salaries/Commissions/Fees	44,616	298,415
Supplies	-	-
Taxes - Payroll	-	-
Taxes - Real Estate	-	-
Taxes - Other	-	-
Travel and Entertainment	2,396	4,965
Utilities	3,111	4,334
Collections (1)	(38,000)	22,681
Bank Charges	8,659	8,749
Professional Fees	25,000	53,008
Uncategorized Expenses	-	-
<b>Total Operating Expenses Before Depreciation</b>	<b>(\$ 120,014)</b>	<b>(\$ 516,116)</b>
Depreciation/Depletion/Amortization	-	1,600
<b>Net Profit (Loss) Before Other Income and Expenses</b>	<b>(\$ 120,014)</b>	<b>(\$ 517,716)</b>
<b>Other Income and Expenses</b>		
Interest Income	\$ 0.4	\$ 0.4
Miscellaneous refunds from Pre-Petition	1,222	19,522
Return refund item	-	(314)
<b>Total Other Income</b>	<b>\$ 1,223</b>	<b>\$ 19,208</b>
<b>Net Income (2)</b>	<b>(\$ 118,791)</b>	<b>(\$ 498,508)</b>

**Note**

(1) The Debtor adjusted the amount of the collection agency accrual prior to the Trustee's appointment.

(2) The cumulative post-petition Net Income is approximately \$3,040 lower than the Retained Earnings amount located in the Balance Sheet. Although the variance was booked prior to the appointment of the Trustee, his Financial Accountant will subsequently investigate and rectify the variance.

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MOR-3: BALANCE SHEET

	September 30, 2015	August 31, 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Unrestricted Cash and Equivalents	\$ 613,168	\$ 270,781
Restricted Cash and Cash Equivalents	53,697	72,331
Accounts Receivable (Net) (1)	12,992,829	14,367,304
Notes Receivable	3,315,000	3,315,000
Inventories	-	-
Prepaid Expenses	-	-
Professional Retainers	-	-
Related Party Receivable (2)	1,496,743	1,496,743
Security Deposit	119,711	116,941
Due from Wells Fargo	3,635,257	2,762,838
<b>Total Current Assets</b>	<b>\$ 22,226,403</b>	<b>\$ 22,401,938</b>
<b>Property and Equipment</b>		
Real Property and Improvements	\$ -	\$ -
Machinery and Equipment	30,508	30,508
Furniture, Fixtures and Office Equipment	-	-
Leasehold Improvements	56,770	56,770
Vehicles	-	-
Less: Accumulated Depreciation	(48,003)	(48,003)
<b>Total Property and Equipment</b>	<b>\$ 39,275</b>	<b>\$ 39,275</b>
<b>Other Assets</b>		
Equity Investment Net (3)	\$ 300,000	\$ 300,000
<b>Total Other Assets</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 22,565,679</b>	<b>\$ 22,741,213</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities Not Subject to Compromise (Post Petition)</b>		
Accounts Payable	\$ 14,097	\$ 5,660
Taxes Payable	-	-
Wages Payable	-	30,801
Notes Payable	-	-
Rent/Leases-Building/Equipment	-	-
Secured Debt/Adequate Protection Payments	-	-
Professional Fees	-	-
Amounts Due to Insiders	-	-
Due to Factor Wells Fargo	-	-
Collections Fees Accrual	-	38,000
<b>Total Post Petition Liabilities</b>	<b>\$ 14,097</b>	<b>\$ 74,460</b>
<b>Liabilities Subject to Compromise (Pre Petition)</b>		
Secured Debt	-	\$ -
Priority Debt (Accrued Salaries - Pre-Petition)	29,256	29,256
Unsecured Debt (4)	52,455,647	52,455,647
<b>Total Pre Petition Liabilities</b>	<b>\$ 52,484,904</b>	<b>\$ 52,484,904</b>
<b>Total Liabilities</b>	<b>\$ 52,499,000</b>	<b>\$ 52,559,364</b>

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**MOR-3: BALANCE SHEET**

	September 30, 2015	August 31, 2015
<b>Owner's Equity</b>		
Capital Stock	\$ 15,964	\$ 15,964
Additional Paid-In Capital	37,859,546	37,859,546
Partner's Capital Account	-	-
Owner's Equity Account	-	-
Retained Earnings - Pre Petition	(67,313,365)	(67,313,365)
Retained Earnings - Post Petition	(495,468)	(380,297)
Adjustments to Owner Equity	-	-
Post Petition Contributions	-	-
<b>Total Owner's Equity</b>	<b>\$ (29,933,322)</b>	<b>\$ (29,818,151)</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>\$ 22,565,678</b>	<b>\$ 22,741,213</b>

**Note**

(1) The Trustee and his advisors are evaluating the Accounts Receivable balance. The activity for this period is to account for the Disputed OAP customer payments received by Wells Fargo.

(2) This amount represents an intercompany receivable from its affiliate related to i) services provided to Tri-State Employment Services, Inc. by a subsidiary of the Debtor that was sold, ii) amounts collected by Tri-State Employment Services, Inc. related to services provided to third parties by a subsidiary of the Debtor that was sold.

(3) Represents Debtor's investment in Abest Power and Gas. The Trustee believes that this equity value may not have any value as of filing of this report. Further diligence is required before any additional adjustments are booked.

(4) The majority of this balance is owed to TS Employment, Inc. The Trustee continues to review and reconcile intercompany amounts between all known affiliates.

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**MOR-4: STATUS OF POST-PETITION TAXES**

Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.

Federal	Beginning Tax Liability	September 2015 Tax Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax Liability
Total Federal Taxes						\$ -

State and Local	Beginning Tax Liability	September 2015 Tax Accrued	Amount Paid	Date Paid	Check # or EFT	Ending Tax Liability
Total State and Local						

Total Taxes \$ - \$ - \$ - \$ -

**Notes**

The Debtor engaged Idilus, LLC as its Professional Employer Organization ("PEO"). Idilus, LLC has been paying Debtor related taxes on its behalf.

**MOR-4: SUMMARY OF UNPAID POST-PETITION DEBTS**

	Current	Number of Days Past Due				Total
		0-30	31-60	61-90	Over 91	
Accounts Payable	\$ 14,097					

**Notes**

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**MOR-5: ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

Accounts Receivable Reconciliation	
Total Accounts Receivable (Net) at the beginning of the reporting period	\$ 14,367,304
Plus: Amounts billed during the period	
Less: Amounts collected during the period	(1,374,475)
Total Accounts Receivable (Net) at the end of the reporting period	\$ 12,992,829

Note

Represent changes in Net Accounts Receivable as shown in the Debtor's Balance Sheet herein. These amounts do not include the Note Receivable, Related Party Receivable, or amounts due from Wells Fargo. The majority of the activity for this period is to account for the Disputed OAP customer payments received by Wells Fargo.

Accounts Receivable Aging				
	0-30 Days	31-60 Days	61-90 Days	91+ Days
Total Accounts Receivable				\$ 12,992,829
Less: Bad Debts (Amount considered uncollectible)				\$ -
Net Accounts Receivable	\$ -	\$ -	\$ -	\$ 12,992,829

Note

The Accounts Receivable Aging / Balance was provided by the Debtor to the Trustee with no explanation regarding the previous write-downs by the Debtor prior to his appointment. The Trustee and his advisors are evaluating the Accounts Receivable balance.

**MOR-5: TAXES RECONCILIATION AND AGING**

Taxes Payable				
	0-30 Days	31-60 Days	61-90 Days	91+ Days
				\$ -

Note

The Debtor engaged Idilus, LLC as its Professional Employer Organization ("PEO"). Idilus, LLC has been paying Debtor related taxes on its behalf.



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**MOR-6: PAYMENTS TO INSIDERS AND PROFESSIONALS**

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
None	n/a		
TOTAL PAYMENTS TO INSIDERS		\$ -	\$ -

Note

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID
SSG Capital Advisors, LLC*			\$ 25,000	\$ 25,000	\$ -
Duff and Phelps, LLC (1)					1,100,000
Togut, Segal & Segal LLP (1)					1,050,000
Stroz Friedberg, LLC (2)					191,708
TOTAL PAYMENTS TO PROFESSIONALS			\$ 25,000	\$ 25,000	\$ -

\* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

Note

After the Debtors filing, SSG Capital Advisors acted as the Debtor's Chief Restructuring Officer and paid itself fees prior to the appointment of the Trustee. SSG Capital Advisors retention was never approved by the bankruptcy court.

(1) Estimate amount includes fees and expenses incurred since the Trustee's appointment to December 31, 2015.

(2) Amounts includes fees and expenses incurred since the Trustee's appointment to November 30, 2015.

**MOR-6: POST-PETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS**

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID POST-PETITION
Daror Associates, Inc.	\$13,455	\$13,455	\$13,455
TOTAL PAYMENTS		\$13,455	\$13,455

Note

The lease for the Debtor's remaining location expires on January 31, 2016.

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**MOR-7: DEBTOR QUESTIONNAIRE**

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.		Yes	No	Response
1	Have any assets been sold or transferred outside the normal course of business this reporting period?		X	
2	Have any funds been disbursed from any account other than a debtor in possession account this reporting period?	X		The Debtor's Wells Fargo bank account is not a DIP account and there were service fees charged to this account (see comment under General Disclaimer and Limitations).
3	Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X	
4	Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X	The Debtor has workers compensation coverage through its PEO (Idilus) and other necessary insurance coverage through UNFCU Financial Services LLC.
5	Is the Debtor delinquent in paying any insurance premium payment?		X	
6	Have any payments been made on pre-petition liabilities this reporting period?		X	
7	Are any post petition receivables (accounts, notes or loans) due from related parties?		X	
8	Are any post petition payroll taxes past due?		X	
9	Are any post petition State or Federal income taxes past due?		X	
10	Are any post petition real estate taxes past due?		X	
11	Are any other post petition taxes past due?		X	
12	Have any pre-petition taxes been paid during this reporting period?		X	
13	Are any amounts owed to post petition creditors delinquent?		X	
14	Are any wage payments past due?		X	
15	Have any post petition loans been received by the Debtor from any party?		X	
16	Is the Debtor delinquent in paying any U.S. Trustee fees?	X		The Debtor will be disbursing a check in the week ending January 22, 2016 for UST Fees relating to Q3 2015 and Q4 2015.
17	Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X	
18	Have the owners or shareholders received any compensation outside of the normal course of business?		X	